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MESSAGE

FROM

THE GOVERNOR,

IN RELATION TO THE

SALE OF STOCKS HELD BY THE COMMONWEALTH

IN INCORPORATED COMPANIES.

Read in Senate, January 13, 1843.

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MESSAGE.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania:

GENTLEMEN:—In compliance with the provisions of the 4th section of the Act of the 27th of July last, entitled "An Act to provide for the ordinary expenses of the government, payment of the interest upon the state debt, receiving of proposals for the sale of the public works, and for other purposes," I caused to be advertised for public sale, all of the bank, turnpike, bridge, canal, navigation and rail road stock in any incorporated company, held and owned by the commonwealth, amounting to $6,146,418 01, by public notice in newspapers published in Harrisburg, Philadelphia and Pittsburg; also, in the counties through which the improvements pass, and in which the banks are located.

All the bank stock, and that which was owned in the Pennsylvania and Ohio canal, and some others were advertised to be sold at the Exchange in Philadelphia, on the 23d day of November last—and the residue at the State House in Harrisburg, on the 28th of November; but no shares were sold, and the sales were adjourned to each of said places, till the first and sixth days of March next.

By a proviso in said section, limiting the mimimum price it should sell for, which at the rate of five per cent., would produce an interest equal to the dividend *received* by the state on the stock, for the year 1841,—the stock in some companies must be sold at prices much higher, than the market price of that held by individuals, hence there were no bidders. Its effect upon the stock in some corporations, was to fix the minimum price below what it was selling for in market, thereby depreciating the value of the stock.

By the fifth section of that act, the State Treasurer was author-

ized to receive therefor certificates of state stock in payment. On mature reflection, I did not believe the legislature had fully considered the effect and operation of its provisions upon the financial affairs of the state. The bill was passed on the last night of the session, in July, and not presented to the Executive for his approval, till the day after the legislature had adjourned.

When the commonwealth is indebted for the redemption of the small notes to the amount of about two millions of dollars, and to the domestic creditors about one million more, and was unable to pay the semi-annual interest due last August, and cannot pay it on the first of February next, it is difficult to conceive how it can be considered a prudent disposition of the available means of the state, to apply them to the redemption of state stock, which is not due for twenty years. By that law, if one made a purchase to any amount, the purchaser could tender in payment certificates of stock issued by the state, redeemable at the most remote period of time of any that have been issued, and the State Treasurer was bound to receive it in payment.

Another part of the section authorized the receiving in payment certificates of indebtedness, which had been issued by the Auditor General. Hence the competition at the sale was very unequal. State stock at that time was selling in the market at from 42 to 45 cents to the dollar. A creditor of the state who had got his certificate of indebtedness, had received it as a promise of immediate payment, and at par value from the commonwealth. Consequently, to enter the biddings on equal grounds with the man of money, who could purchase state stock, he must place his certificates on a par value with the state stock. He could not purchase the stock in any company, unless he made a sacrifice on his evidences of indebtedness. I consider such provisions impolitic, and believe that the stock all ought to be sold, and the proceeds applied to the immediate redemption of the "relief notes," and such debts as are *immediately* due by the state. The stock owned by the state, in many of those companies, is of but small value, and she will never realize any dividend from them. It may be worth something to individuals who own stock in those companies, and who would probably purchase them, if a law was passed giving the purchaser the right of voting in those companies. If the legislature should be of the opinion that those stocks ought to be sold, without giving authority to the State Treasurer to receive state stock in payment, I would recom-

mend that an act be soon passed authorizing their disposal, on those days to which the sales were adjourned in November last, for the purpose of saving to the commonwealth a great expense in the advertising; as public notice was then given of the days, to which the sales were adjourned. I can see no reason why the state should not sell her property to pay her debts, even at a sacrifice, in the same way that individuals are compelled to sell theirs. Our fellow citizens are oppressed with the depreciated value of the small notes; the state has the means of cancelling them, by the sale of her property in stocks—and many holders of this paper would gladly pay it for stock in some incorporated company. By this means they are taken out of circulation, the banks which issued them will be absolved from their redemption and compelled to resume specie payments, so soon as that provision is made by the state, for their immediate cancellation.

DAVID R. PORTER.

EXECUTIVE CHAMBER,
January 13, 1843.